




TRAFFIC International

Trustees' report and financial
statements for the year ended
30 June 2017



TRAFFIC, the wildlife trade monitoring network, is the leading non-governmental organization working globally on trade in wild animals and plants in the context of both biodiversity conservation and sustainable development.

TRAFFIC's **mission** is to ensure that trade in wild plants and animals is not a threat to the conservation of nature.

TRAFFIC's **vision** is of a world where wildlife trade is: managed in a way that maintains healthy wildlife populations and ecosystems; contributes to meeting human needs; supports local and national economies; and helps motivate commitments to conserve wild species and habitats.

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Registered Limited Company No. 3785518

Forest landscape, China © Anastasiya Timoshyna / TRAFFIC

Cover photo © TRAFFIC / Andrew Walmsley

TRAFFIC International

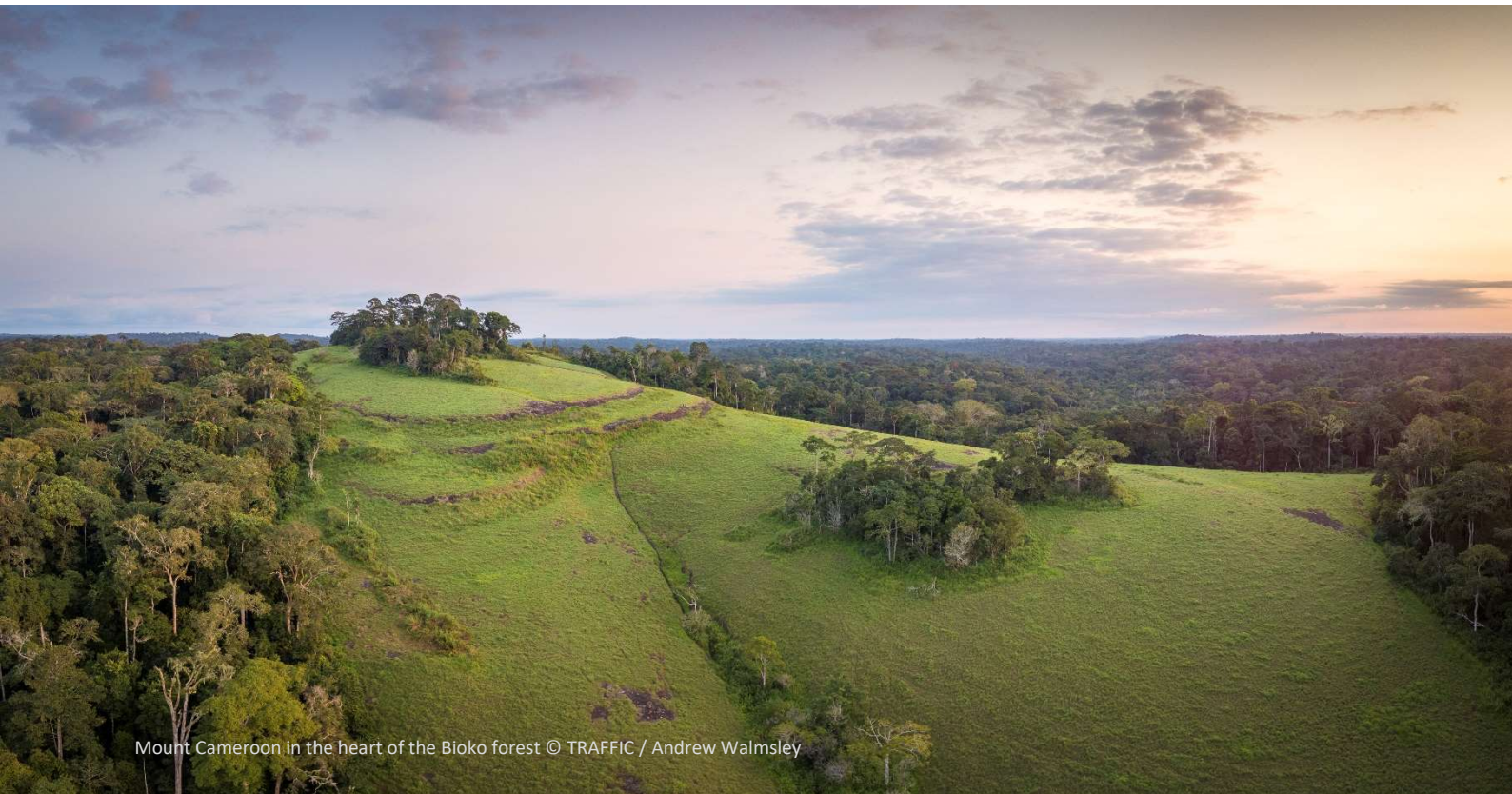
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The Trustees, who are also directors of the charitable company, present their annual report (including the strategic report) on the affairs of the Charity, together with the financial statements and auditor's report for the year ended 30 June 2017.



Mount Cameroon in the heart of the Bioko forest © TRAFFIC / Andrew Walmsley

Introduction

The commercial use of wild animal and plant resources, more simply “wildlife trade”, is an issue at the very heart of the tension between biodiversity conservation and human development. Human beings around the world directly depend on wild species as sources of food, medicines, construction materials and many other items. Although history paints a justifiably negative picture of the impact of this trade on the status and security of species and ecosystems, there is no ignoring the critical contribution that trade in wild species has made—and still makes—to human wellbeing.

TRAFFIC, the wildlife trade monitoring network, is the leading non-governmental organization working globally to address biodiversity conservation and sustainable development priorities linked to the trade in wild species. We were established in 1976 by IUCN and WWF to respond to the growing threats posed by illegal wildlife trade and overexploitation. We have maintained our unique role as a global wildlife trade specialist, combining original research, sound and impartial analysis, and collaboration with a wide range of partners towards ensuring that wildlife trade is not a threat to the conservation of nature. TRAFFIC works closely with its founding organizations, IUCN and WWF, making a critical contribution to achievement of their conservation goals through a unique partnership that complements and engages the considerable strengths of each of these two major global conservation organizations.

The TRAFFIC network encompasses offices in Asia, Africa, Europe and the USA, with the TRAFFIC headquarters (TRAFFIC International) in Cambridge, UK. TRAFFIC International, hereafter TRAFFIC, has a team of 50 staff in 2017. These staff both deliver projects and coordinate the work of the wider TRAFFIC

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network, which consists of approximately 150 staff working in six regional teams with offices in Asia, Africa, Europe and the USA. Our long-standing expertise, combined with an evidence-based and flexible approach to problem-solving, has given us a powerful reputation in an often contentious and fractious field, allowing us to have an influence disproportionate to our size.

This report presents TRAFFIC's financial accounts and highlights some of our achievements during the past year. Our combination of original and in-depth research, targeted communications and capacity building is helping governments, businesses, other Non-Governmental Organizations (NGOs) and individuals around the world to ensure that wildlife trade is not a threat to the conservation of nature. To find out more about the difference we are making in the world today, please visit our website at www.traffic.org.

Programme objectives and focus



The Charity's objectives, as recorded in its Memorandum and Articles of Association, are to promote the conservation and protection of nature and natural resources worldwide through helping to ensure that trade in wild animals and plants is at sustainable levels and in accordance with domestic and international laws and agreements.

TRAFFIC's **mission** is to **ensure that trade in wild plants and animals is not a threat to the conservation of nature**. This mission is linked to a wider **vision** of a world where wildlife trade is managed in a way that maintains healthy wildlife populations and ecosystems; contributes to meeting human needs; supports local and national economies; and helps motivate commitments to conserve wild species and habitats.

In furtherance of our mission and Charity objectives, TRAFFIC supports implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and other international agreements, national level wildlife trade controls, and wider efforts to promote sustainable management and trade of fisheries, timber and other wild-sourced commodities in trade.

TRAFFIC informs, promotes, facilitates and otherwise supports action to address wildlife trade issues in key wildlife trade "hotspots" around the world, including producer, trading and consumer countries. Our global programme is based on a multi-pronged approach to achieving our mission and wider vision. TRAFFIC works to inform and strengthen the capacity of people and institutions responsible for defining and implementing international, regional and national policies and regulations. This focus is balanced with work to inform and influence the behaviour of businesses and individual consumers as these relate to trade in wild animals and plants.

TRAFFIC's FY17 work plan focused around two priority workstreams: Action to reduce wildlife crime and illegal trade; and Action to enhance benefits from sustainable, legal wildlife trade. Within these

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workstreams, we focused our efforts on influencing governments, business and consumers to achieve positive, systemic change in the areas of:



The design and delivery of TRAFFIC's work during the year were underpinned and informed by a broader programme of **strategic monitoring**.

Programme delivery - activities and highlights

TRAFFIC continued to play a unique and leading role as a global wildlife trade specialist. TRAFFIC staff around the world carried out research, investigations and analysis to compile evidence used to catalyse action by governments, businesses and individuals. Our team worked in and connected across some of the world's most critical wildlife trade hotspots to identify and help address both biodiversity conservation and sustainable development challenges and opportunities linked to trade in wild species.

Effective collaboration was fundamental to TRAFFIC's programme delivery. We partnered with a wide range of organizations and individuals, enhancing the quality, traction and reach of our work. In addition to our founding partners IUCN and WWF, TRAFFIC worked with a wide range of other institutions from conservation, development and other sectors. This included a diverse spread of government agencies in source, transit and consumer countries, and inter-governmental organizations such as CITES, the World Customs Organisation (WCO), and the International Tropical Timber Organization (ITTO). We also worked with a wide range of businesses who are engaged in wildlife trade in some way, from those sourcing, using and selling wildlife products, such as medicinal and herbal product companies, to those facilitating wildlife trade such as e-commerce and transport companies.

Preparations for, participation in and follow up to the 17th meeting of the Conference of the Parties to CITES (CITES CoP17) dominated much of TRAFFIC's work to eliminate illegal trade and strengthen conditions for legal, sustainable trade. This included completion and dissemination of the *IUCN/TRAFFIC Analyses of Proposals to Amend the CITES Appendices* and *TRAFFIC Recommendations on CITES Listing Proposals*, publication of reports, briefing papers and web updates on key agenda items, providing information and advice to government staff and delegations, making interventions on key issues where appropriate, working

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with the press, and convening of side events. Notable recommendations and decisions agreed during CITES CoP17 included:

New Resolutions calling for action to reduce corruption associated with illegal wildlife trade, address laundering of wildlife through mis-declaring wild harvested products as having been produced in captivity, and to develop strategies to reduce demand linked to illegal trade in CITES-listed species;

CITES-listing proposals bringing international trade in additional high value timber and fisheries species under CITES control, including rosewoods (*Dalbergia* spp.), three bubinga (*Guibourtia*) species, thresher sharks, and devil rays; and banning commercial international trade in all pangolin and several alligator lizard and gecko species; and

Decisions establishing a process to identify and take action against “laundering”; to combat wildlife cybercrime; and to develop minimum standards for traceability of trade in shark, ray and other CITES-listed species from source to market.

Additional highlights of programme delivery during FY17 are provided below.

Action to reduce wildlife crime and illegal wildlife trade



Malaysian Customs officers display tusks from a large scale ivory seizure © TRAFFIC / Aqeela

The 12 months to the end of June 2017 saw a major scaling up of commitments and action by governments and businesses to eliminate illegal wildlife trade and tackle associated wildlife crime. These ranged from global agreements to crack down on wildlife cybercrime to national level action to stop illegal logging and trade. TRAFFIC was at the forefront of efforts to strengthen action on illegal trade in ivory, rhino horn and other endangered species products, working alongside WWF through a joint Wildlife Crime Initiative, and in collaboration with a wide range of other NGO, government and private sector partners.

Strengthening global commitment to act against wildlife crime: Work by TRAFFIC and partners ensured that illegal wildlife trade and the wider issue of wildlife crime stayed high on other global and regional policy agendas. Support was provided to WWF efforts leading to the UN General Assembly unanimously adopting a second Resolution on “Tackling illicit trafficking in wildlife” in September 2016, demonstrating continuing international resolve at the highest political levels to curb illegal trade in wildlife.

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TRAFFIC provided support to the organisers of the Hanoi Conference on Illegal Wildlife Trade, a follow on event from the 2014 London Conference. Forty-two countries were represented at the meeting, with participants making country-specific commitments and time-bound actions at the national level to eradicate markets for illegal wildlife products, ensure effective legal frameworks, strengthen enforcement and sustainable livelihoods.

Bringing sales down and action up in the fight against wildlife cybercrime. TRAFFIC expanded collaborations with e-commerce companies and government agencies to make it harder to buy and sell wildlife contraband online. TRAFFIC's monitoring of 31 Chinese-language websites from July–December 2016 showed the success of this approach in China: new advertisements for rhino horn had declined by 51% compared with the same period a year earlier, and new advertisements for ivory by 32%. TRAFFIC's work with internet platforms in China helped facilitate high level co-operation and commitments to take action on illegal trade. On 3 March 2017, World Wildlife Day, the top three internet platforms in China—Baidu, Alibaba and Tencent —made a public pledge to create an industry-wide alliance to tackle illegal wildlife trade online. Wildlife cybercrime and the power of partnerships was also highlighted at the CITES meeting, with governments adopting CITES's first-ever Decisions on combating wildlife cybercrime.



Strengthening air traffic control for wildlife products: Wildlife traffickers will find it harder to transport rare tortoises, rhino horn and other illegal wildlife products by air thanks to increased vigilance and action by the air transport sector. Approximately 175 airline and airport staff were trained to detect wildlife contraband in South Africa and Viet Nam, the two countries most heavily implicated in the illegal rhino horn trade. The training programme was developed through the TRAFFIC-co-ordinated ROUTES (Reducing Opportunities for Unlawful Transport of Endangered Species) Partnership, and will be extended to airports around the world. To help get the word out more widely, TRAFFIC and the International Air Transportation Association (IATA) also produced an animated video to raise awareness about the role air transport staff can play in helping stop wildlife trafficking.



An ivory carving on display at a retailer in Hong Kong © Vince42 / Generic CC 2.0

Tracking and tackling illegal ivory trade: TRAFFIC research, analysis communications and guidance helped set the stage for action to reduce ivory trade internationally as well as in key markets. TRAFFIC's global analysis of illegal ivory trade provided a technical basis for CITES discussions and recommendations ranging from closing domestic ivory markets to effective implementation of national ivory action plans. This was followed in late December by a pledge from China's State Council to ban commercial processing and trade of ivory by the end of 2017. As a step towards implementing the ban, the Government of China subsequently closed 12 ivory carving factories and 55 retail outlets. Subsequent TRAFFIC research found that all but one of these outlets were complying with the ban, illegal ivory is still on offer via other retailers, although at lower levels than in the past. Our research also indicated that controls under Thailand's *Elephant Ivory Act* had taken hold, with just 283 ivory items found to be offered for sale in June 2016 as compared to approximately 2,500 in April 2015 when the Act entered into force. A government crackdown on ivory sales in Bieko market is also helping get ivory off the shelves in the Democratic Republic of the Congo. A rapid survey of UK antiques markets also showed a significant decline in offers for sale of antique ivory.

These and other actions being taken represent some good news in what has otherwise been a period of extremely high rates of poaching and illegal ivory trade. However, markets closed in one country can rapidly move to others, and traffickers are very adept at shifting trade routes when facing increased law enforcement action. Experience shows that continued vigilance and action by governments, supported by TRAFFIC's trade monitoring, will be needed to put even more pressure on ivory traffickers and take it off threatened elephant populations.

Encouraging and supporting strengthened enforcement at national, regional and global levels: TRAFFIC market monitoring and research was used to provide government personnel with information on wildlife trade trends, hotspots and *modus operandi* as well as information on individual cases of suspected illegal trade. The TRAFFIC report *Reduced to Skin and Bones Re-examined*, for example, identified trafficking hotspots in Viet Nam, Malaysia and along the Indian border, and drew attention to links between Tiger farming and illegal trade in Tiger parts. Other reports published by TRAFFIC during the year covered issues including wildlife trafficking in the air transport sector and online, and illegal trade in species and products including pangolins, orangutans and gibbons, ivory and Helmeted Hornbills.

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In the European Union (EU), TRAFFIC worked closely with EU agencies to support implementation of the EU Wildlife Trade Regulations, Timber Regulations and other measures. This included continued management of EU-TWIX (EU-Trade in Wildlife Information eXchange), a unique government-only communications platform and seizures database used by over 900 law enforcement officials. The EU Parliament formally recognized the importance of EU-TWIX to implementing the EU Action Plan Against Wildlife Trafficking, with calls for increased support for this important enforcement support tool. Collaboration in the fight against wildlife trafficking was strengthened further with the signing of an MoU with Europol to improve information exchange and co-ordination. In another sign that the European Union is stepping up the fight against illegal wildlife trade, EU Member States decided to make wildlife trafficking a priority in the EU's fight against organised and serious crime.

In the UK, TRAFFIC support to the UK's National Wildlife Crime Unit ranged from giving expert advice on CITES issues to providing evidence in support of a call to strengthen sentencing guidelines for wildlife crimes. TRAFFIC also advised staff within the Department of Environment, Food & Rural Affairs (Defra) and the Foreign and Commonwealth Office (FCO) on preparations for the London Conference on Illegal Wildlife Trade taking place in 2018.

Changing behaviours, decreasing demand for illegal wildlife products: Although raising public awareness of critical issues is important, it is often not enough to change unwanted behaviours, including when it comes to reducing demand for illegal wildlife products. To help strengthen demand reduction efforts, TRAFFIC expanded an online Behaviour Change Toolkit and facilitated a Community of Practice (expert network) to promote sharing of insights, experience and ideas about what works—and what doesn't—in changing consumer behaviour towards wildlife products. Detailed insights were also shared during a side event at CITES CoP17, and published in a *TRAFFIC Bulletin* article entitled "Powers of Persuasion": Conservation Communications, Behavioural Change and Reducing Demand for Illegal Wildlife Products.

TRAFFIC continued to put behaviour change theory into practice in Viet Nam. TRAFFIC and partners rolled out the second phase of an initiative specifically targeting the consumer group identified as the primary users of rhino horn; wealthy urban men between the ages of 35 and 55. The initiative is based on the Vietnamese concept of "Chi," or "Strength of Will," with Phase II driving home the concept "Vượng từ Chí, Lợi vì sùng," which roughly translates as "Gain prosperity through inner strength—Invite hardship using rhino horn." It also calls on individual businessmen to act as leaders in their community and take a stand against the consumption of rhino horn in their personal lives and business networks. TRAFFIC also reached out to business leaders and potential consumers in other countries in Asia, including tourists considering travel to Africa.

Despite these and other achievements, poaching and illegal wildlife trade remained a major threat in many parts of the world. In one sense, the growing number of illegal wildlife items being detected and seized is good news. In another, however, widespread seizures of illegal wildlife products are a sign that the potential rewards linked to illegal wildlife trade are considered higher than the cost of associated risks. TRAFFIC will therefore be redoubling its efforts to reduce these rewards and increase both the effort and risks associated with wildlife trafficking.

Priorities during FY18 include:

- Engaging and supporting preventative action by transport, internet, traditional medicine, finance and other companies
- Developing and delivering tools and approaches that help undermine corruption
- Motivating, informing and supporting strengthened legislation and regulatory approaches

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- Motivating, informing and supporting enforcement and judicial action
- Informing, catalysing and supporting social and behavioural change interventions in the marketplace
- Informing and motivating inter-governmental policy interventions, evaluate progress and ensure accountability

Strengthening systems for sustainable, legal trade in wildlife resources



A logging depot in Cameroon © TRAFFIC / Andrew Walmsley

Many common products used in daily life come from wild sources, including many food, beverage, medicinal and cosmetic ingredients, timber and even pets and decorative items. TRAFFIC's work during the year focused on developing and promoting systems to ensure that trade in these and other wildlife products was sustainable, followed national and international trade rules, and provided benefits, particularly to local producers. Examples of achievements to which TRAFFIC contributed during the year include:

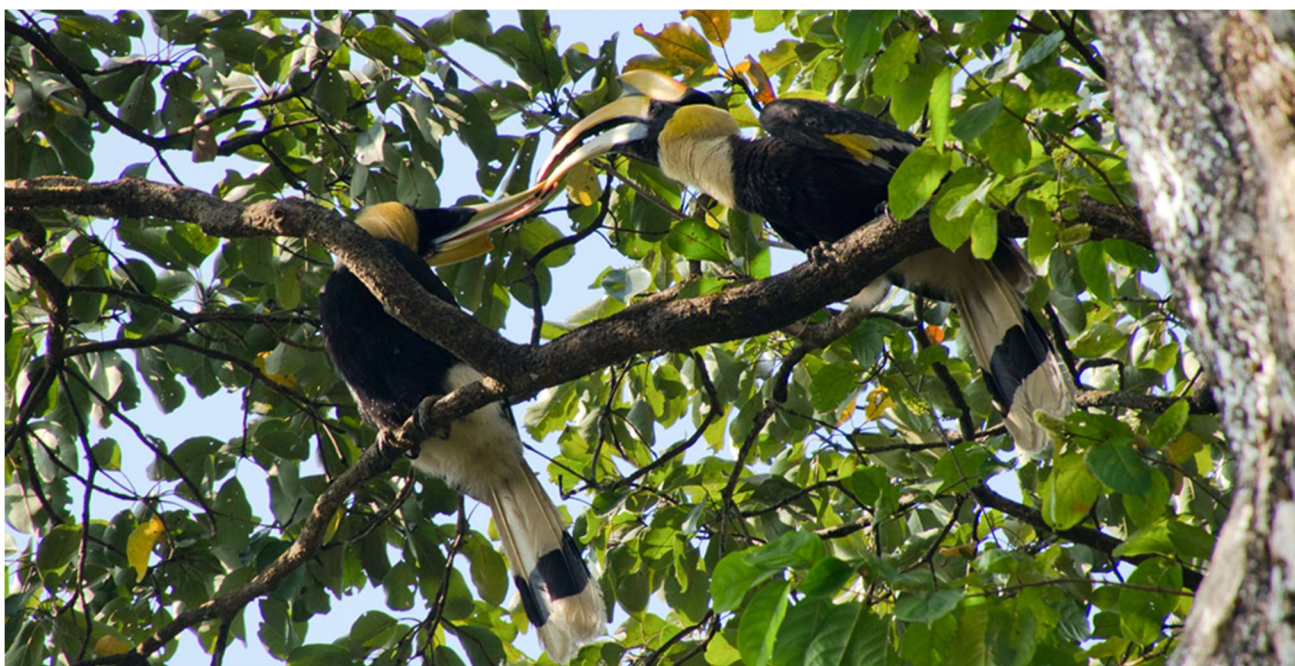
Improving government capacity to maintain CITES exports within sustainable levels: A central requirement for trade in CITES-listed species is to ensure that this trade is below levels that would be detrimental to the survival of the species in trade. Although seemingly straightforward, making such "non-detriment findings" has proved extremely challenging for some species, e.g. timbers. To strengthen CITES implementation, TRAFFIC led development of guidelines on making non-detriment findings for perennial plants. The guidelines were showcased during CITES CoP17, and then used to train approximately 30 government staff from seven Amazon basin countries.

Expanding the range of FairWild certified ingredients: TRAFFIC's partnership with the FairWild Foundation provided numerous opportunities to inform and engage with businesses using wild-sourced ingredients. This included helping businesses explore potential application of the FairWild Standard, a set of best practice principles and certification scheme covering ecological, social and economic requirements. By year end

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there were a total of 23 FairWild businesses participating in the FairWild certification scheme, including wild plant collection operators, traders, processors and manufacturers.

Seventeen different wild-sourced species are now produced in line with FairWild criteria, including the Baobab species *Adansonia digitata*. This iconic tree of African drylands is an important source of food, medicines, fibres, and income for rural communities. Baobab products were once largely unknown outside of Africa. In the past few years, however, Baobab fruit has started growing in popularity in Europe and the USA as a “superfood” linked to its high nutrient density, including antioxidants, potassium and vitamin C. FairWild-certified baobab is being produced through a partnership between a Zimbabwe-based natural ingredients company and local communities, providing an opportunity to improve rural livelihoods and conservation outcomes.



FairWild certification for Bibhitaki fruit has helped protect both the tree and the Great Pied Hornbills that nest in its hollows. Now, rather than cut the trees down for firewood, local landowners collect the fruit to sell to companies such as Pukka Herbs © Pukka Herbs

FairWild ingredients were also sourced from India's Western Ghats, from Kazakhstan (a source of high quality wild liquorice), and several European countries. There may also soon be FairWild certified products available from China, one of the world's largest exporters of medicinal plants and products, following the China Government's recognition of FairWild as a “certifiable standard”. One ingredient already being produced according to FairWild principles in China is Schisandra berry. Schisandra grows wild in Giant Panda and other habitats, with the berries used in herbal teas and other products.

TRAFFIC also worked with partners in China and Viet Nam on field projects to strengthen sustainable harvesting practices and opportunities for marketing ingredients from sustainable, legal and fairly traded sources. In Viet Nam, this included organising training on sustainable harvest techniques for over 500 wild plant collectors as well as training for government Forestry Department staff.

Important progress was made towards improving systems for managing legal trade in wildlife products, particularly in China, during the year. However, in some cases the pace of change was slower than anticipated, for example with regards to the timber trade in Madagascar. There was a need for repeated engagement and in some cases public profiling of issues in order to encourage government agencies in

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Madagascar and other countries to make good on their commitments. New approaches are needed to help governments, businesses and consumers appreciate the urgency of managing harvest and trade in ways that are sustainable and benefit local communities.

Priorities during FY18 include:

- Developing and supporting management and regulation systems that facilitate responsible trade
- Supporting the development of good business practices and voluntary standards and certification systems
- Engaging and supporting responsible wildlife sourcing and trade practices by businesses
- Informing the design of, catalyse and support market behaviour change interventions
- Informing and motivating inter-governmental policy interventions that facilitate responsible trade

Integrated approaches to stop trafficking and support legal trade

Much of TRAFFIC's work during the year served a dual purpose—reducing opportunities for wildlife trafficking while at the same time improving trade regulation, systems and tools available to facilitate legal, sustainable trade. This was true of our work on CITES issues, as mentioned above, and with much of our work with national governments, particularly in Africa.

During the year we worked with IUCN to draw attention to the need to look “Beyond Enforcement” in addressing illegal wildlife trade. This approach highlights the importance of involving indigenous peoples and local communities in discussions and decision making on illegal trade, and to consider the wider development context. A “Beyond Enforcement” workshop was convened in Hanoi just prior to the Hanoi Conference on Illegal Wildlife Trade, and messages emerging from the workshop were reflected in the Hanoi Conference decisions.

Similarly, our detailed analysis of illegal and unsustainable harvest and trade of rosewoods and ebonies in Madagascar was combined with encouragement and support to the Government of Madagascar in relation to implementing a Biodiversity Management Plan to bring the situation under control. On the other side of the African continent, TRAFFIC brought together industry and government officials from Cameroon and China to improve systems in place for ensuring timber exports adhere to national and CITES trade rules. This included identifying and working with timber companies operating in Cameroon to encourage them to adhere to legality rules per Cameroon's developing Voluntary Partnership Agreement (VPA), which sets out the EU requirements for ensuring the legality of timber traded from Cameroon.

TRAFFIC also took forward work at the policy and practical levels to improve systems for determining the origin of specimens in trade, and whether animals in trade were from wild or captive-bred sources. For example, CITES Member States adopted a Decision focused on developing minimum traceability standards for shark, ray and other CITES-listed species from source to market. As well as providing information and guidance to CITES and international organisations on the importance of traceability, TRAFFIC also worked with a variety of partners to develop new tools and techniques for determining the species and origin of wildlife in trade. Implementation of these and other measures will help make trade more transparent, helping block illegal trade while reducing potential barriers to trade faced by legitimate traders.

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Programme co-ordination and leadership

As the co-ordinating office of the TRAFFIC network, TRAFFIC's main activities fall within the following areas: strategic direction and leadership; programme development and evaluation; programme delivery (covered in the preceding section); communications and operations management.

Strategic direction and leadership

TRAFFIC's leadership team advised on and/or co-ordinated inputs into international meetings, policy processes and collaborations including the IUCN World Conservation Congress, CITES CoP17, the Hanoi Conference on Illegal Wildlife Trade, and the Collaborative Partnership on Sustainable Wildlife Management. Leadership and guidance was also provided for development and management of existing partnerships such as ROUTES (Reducing Opportunities for Unlawful Transport of Endangered Species), and entering into new collaboration agreements with organisations including the International Tropical Timber Organisation (ITTO) and Europol. Strategic guidance was also provided with regards to engagement with the private sector, including ongoing collaborations with the herbal products, e-commerce and transport industries, and exploration of new collaborations with the finance sector.

TRAFFIC's Executive Director served on the Council of the Cambridge Conservation Initiative (CCI), a unique collaboration between the University of Cambridge and nine leading internationally focused biodiversity conservation organizations clustered in and around Cambridge. TRAFFIC also supported CCI activities in other ways. This included giving a lecture on CITES to students pursuing the CCI-affiliated MPhil in Conservation Leadership, and supporting Earth Optimism Day celebrations in the David Attenborough Building in Cambridge to draw attention to positive actions that individuals can take to support conservation in their daily lives.

Programme development and evaluation

TRAFFIC's FY17 programme level outcomes and performance were assessed at six-monthly intervals, with a particular emphasis placed on identifying our contributions to changes in wildlife trade policy and practice. Areas where programme delivery fell short of ambition were noted, and where possible—and resources allowed—steps taken to strengthen delivery. For example, relatively few resources were available, and little progress made in the first half of the year on increasing consumer awareness of the positive conservation and livelihood potential of legal, sustainable trade in wildlife resources. Much greater progress was made during the second half of the year, with TRAFFIC, the FairWild Foundation and several businesses participating in the FairWild certification scheme joining forces to promote FairWild Week in August 2017.

TRAFFIC also used assessment of FY17 progress and associated lessons learned to help shape development of TRAFFIC's draft *Conservation Strategy for 2017–2020*. The Strategy design process, which was led by a task team, included development of theories of change, more detailed results chains and a suite of approaches to guide TRAFFIC's work during the next four years. The development process also included a stocktaking of TRAFFIC's niche and work alongside that of founding partners WWF and IUCN, the results of which were discussed during a joint partnership planning meeting convened in June. The Strategy emphasizes the critical importance of working in partnership with a wide range of actors to achieve TRAFFIC's 2020 goal. It also identifies areas where actions by other organisations are needed, e.g. site-based anti-poaching efforts, to complement TRAFFIC's trade-focused efforts. The Strategy will be tabled for consideration by TRAFFIC's new board of trustees at their first meeting.

Staff in TRAFFIC led and/or supported the development of approximately 60 wildlife-trade related funding proposals during the year. Many of these were developed in response to government calls for proposals such as the UK Illegal Wildlife Trade Challenge Fund and Darwin Initiative and US Government agencies such

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as the Fish and Wildlife Service and Bureau of International Narcotics and Law Enforcement Affairs. Others were submitted to trusts and foundations. Significant funding was raised to deliver specific programmatic priorities, particularly from government sources for work to address illegal wildlife trade. We were less successful in our effort to secure unrestricted funding to support, e.g. programme co-ordination and communications activities. Donor approaches to secure funding for work focused on strengthening systems for sustainable, legal trade were also less successful. A strategic decision was taken to secure expert advice to review our fundraising strategy and delivery, and to recommend priorities for future fundraising investment and approaches to strengthen and broaden our base of support.

Communications

TRAFFIC continued to provide evidence-led, targeted and reliable research, analysis and insight on myriad issues concerning wildlife trade and sustainable development. An increase in capacity enabled us to expand the scope of both our distribution channels and the diversity of our digital and print material. This helped to broaden access to TRAFFIC's information and guidance by governments, businesses, consumers and other target user groups and wider civil society alike.

Over the course of the year we released 161 news updates, slightly more than the previous year, convened a wide range of global workshops, meetings and events, consistently engaged with members of the public and the press and published over 30 reports, briefing papers and studies.



An edition of the TRAFFIC Bulletin featured the arrival of FairWild-certification of Baobab from Zimbabwe © B'Ayoba

Wildlife trade subject matter varied between shedding light on the rampant illegal logging crisis in Madagascar in our extensive report *Timber Island*, to analysing Hong Kong's domestic ivory market and providing recommendations to a government panel on the nature of their proposed market ban.

The *TRAFFIC Bulletin*, the only journal dedicated to wildlife trade issues, published two issues, providing readers with academic analysis into ongoing conservation concerns, new legislation, enforcement seizures, wildlife trade trends and prominent examples of wildlife crime.

Our digital communications presence continues to grow, enabling us to reach targeted audiences across various channels. A switch in platform and additional resources has given our weekly newsletter a rapid boost in terms of content variety and engagement, achieving consistently above the average open rate of 19.7%. Subscriptions to the newsletter have increased substantially also, particularly significant considering

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the volume of subscribers we receive from global government, NGO and conservation offices from around the world.

Network operations management

Risk management was a major focus for the operations team during the financial year. Working with the Charity's Trustees, a risk management policy and an anti-bribery policy were formally adopted. At the management level, a Risk Management Committee was created and the organisation's financial policies and procedures were thoroughly reviewed and updated accordingly.

Other key activities included:

- Refinement of key performance indicators (KPIs), particularly for monitoring implementation of TRAFFIC's project portfolio
- Review of structures and distribution of work within the Finance and Project Administration teams leading to restructuring
- Management and support of significant high value project contracts with USAID, US Department of State, UK Department for International Development (DFID), and Germany's Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
- TRAFFIC continued its operational support to overseas offices through site visits to Malaysia, Viet Nam, Cameroon, China, Taiwan, and Hong Kong, and on financial and project management through regular internal training and new policies and procedures to ensure a consistent approach and develop skills across the network

A total of 60 proposals that involved TRAFFIC were submitted during the year of which TRAFFIC was the lead on 39. Thirty-one new projects were contracted and 33 came to the end of their grant period. In its fourth quarter, TRAFFIC prepared and submitted 38 financial and 14 technical reports to donors.

Nine volunteers contributed approximately 1,800 hours of work in the TRAFFIC office. One volunteer provided communications support, another support to the human resources staff, three provided support to programmatic work and trade data analysis and four provided data entry support.

Plans for the year ahead:

- Based on developments during FY17's governance review, the operations team will continue to review the implications of potential changes in operational relationships between the UK Charity and overseas TRAFFIC offices
- Initiate a business planning process for the UK Charity and overseas offices including a review of the Charity's approach to full cost recovery
- Following the results of an external VAT review, TRAFFIC will voluntarily register for VAT in anticipation of reaching the registration threshold in 2018; and
- TRAFFIC will continue preparations for compliance with the new General Data Protection Regulations to come into force in 2018



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Financial review

TRAFFIC has seen both its income and expenditure increase during the year. The year has seen a continuation in the rise of the amount of income being received from governments and multilaterals—both directly and indirectly—which now forms 66% of new income compared to 59% in the previous year. Additionally, TRAFFIC has increased its free reserves in line with plans to meet the Charity's reserves policy, which will better allow TRAFFIC to deliver its strategic goals.

Income

During the year, TRAFFIC received income totalling £8.05m, an increase of £1.15m compared to the previous year. The percentage of income that originates from Charitable Activities has continued to rise, constituting 81% of total income this year compared with 78% in the previous year.

Unrestricted income for the year totalled £1.23m compared to £1.15m in FY16, an increase of £81k. The main reason for this increase is a higher level of global support fees—the fees received from other offices within the TRAFFIC network for the leadership, expertise and support received from TRAFFIC International. Most other unrestricted income streams remained relatively constant during the year.

Restricted income in FY17 increased by £1.07m, 19%, during the year to £6.82m. The main driver was the Wildlife Trafficking, Response, Assessment, Priority Setting (Wildlife-TRAPS) project, a USAID-funded project subcontracted to TRAFFIC by IUCN, with income up from the previous year by £745k to a total of £1.35m.

Although the proportion of income received directly from Government Agencies has decreased during the year from 52% to 39%, the amount of income received where a Government Agency is the original donor has increased from 59% to 66%. This is a continuation of a strategy over recent years to focus on the Government Agencies, with TRAFFIC both as the prime and as a sub-recipient, as these grants tend to be larger and to span multiple financial years.

This is further illustrated when considering that, of the 68 projects that brought in income during the year, three government-funded projects contributed over 40% of the income: Wildlife TRAPS project, a USAID project (subcontracted to TRAFFIC by IUCN), Demand Reduction and Enforcement supporting The conservation of Elephants and Rhinos (DETER) phase II, a GIZ-funded project, and Reducing Opportunities for

Trustees' report: year ended 30 June 2017

Unlawful Transport of Endangered Species (ROUTES), a USAID-funded project (both contracted directly with TRAFFIC). These projects are described in more detail in Note 13 of the accounts.

One of the KPIs monitored by TRAFFIC is that no one donor either directly or indirectly contributes more than 25% of income. During the year the highest amount contributed by one donor was 34% by USAID which funds five projects. These projects are embedded in different funding streams within USAID which lowers the overall risk factor. To further mitigate potential risks, TRAFFIC commits to expenditure related to these grants for one-year periods only and has regular meetings with USAID to discuss future funding projections.

Expenditure

Expenditure during FY17 rose by £210k compared to FY16 to £7.07m, due entirely to an increase in unrestricted expenditure. Of the FY17 expenditure, 97% related to expenditure on Charitable Activities and 3% on raising funds.

Unrestricted expenditure increased by £373k compared to FY16. This was largely due to an increase in core staff costs of £190k as well as increased legal costs relating to the governance review, and a reduction in foreign exchange gains of £66k as the Sterling rate stabilised post BREXIT.

Restricted fund expenditure decreased by £163k to £5.91m, with fewer subcontractor commitments being in place at the year-end. It should be noted that this still represents a 54% increase on the FY15 expenditure reflecting the increase in large grants being undertaken in recent years.

Funds

The net movement in funds for the year was a surplus of £985k; this is compared to a surplus of £41k in the previous year.

The net movement in unrestricted funds was a surplus of £76k. This is mainly due to the increased global support fees received from other offices in the TRAFFIC network as previously mentioned and is part of a concerted effort to increase free reserves. Unrestricted funds at the year-end were £1.06m.

The net movement in restricted funds was a surplus of £909k due to several large project subcontracts not being signed at the year-end, whereas there were large commitments to those subcontractors in the previous year. These funds are expected to be spent in the early part of FY18.

Risk management

The Trustees recognise their role in the management and administration of the Charity and that directorship carries legal responsibilities and duties including a responsibility to assess potential risks facing the Charity. The Trustees note that the major potential risks in the areas of governance and management, operations, and finance are reviewed on a periodic basis and that systems have been put in place to minimise these risks both in the UK and overseas.

The nature of TRAFFIC's conservation programme means that the bulk of funding dispersed through TRAFFIC is subcontracted to other TRAFFIC network offices to implement conservation activities overseas. TRAFFIC has well-established guidelines on financial policies and procedures which are followed by TRAFFIC offices globally, including regular review of budgets, financial performance, and related financial management. In addition, TRAFFIC has an established monitoring and evaluation system in place which looks at overall programme delivery and individual project implementation against contracted project budgets and deliverables.

Trustees' report: year ended 30 June 2017

Key risks and uncertainties

TRAFFIC's risk framework focuses on the following key risk areas:

- Strategic risks which influence TRAFFIC's long-term strategic objectives, including governance issues, partner relations, and stakeholders including donors and the public. The Senior Leadership Team meets on a bi-weekly basis to discuss such issues and the wider management have an annual week-long meeting covering areas of risk as well as the topic of risk management itself;
- Operational risks which arise from day-to-day issues that TRAFFIC faces as it delivers its conservation programme. These include areas such as project management, office facilities, and human resource management. To minimise these risks, Finance and Operations manuals have been produced, project steering groups are set up for major projects, staff undergo an induction process and appropriate training, and regular team meetings are held;
- Financial risks related to TRAFFIC's effective management and control of its finances including internal controls and the effects of external factors such as foreign exchange rates. TRAFFIC produces and reviews quarterly financial reports, as well as annual budgets and quarterly reforecasts, to allow potential financial risks to be identified on a timely basis. There is an up-to-date Finance Manual subject to regular review. Monies are kept in major donor currencies to minimise the effects of any exchange rate fluctuations;
- Knowledge management risks related to TRAFFIC's effective management and control of its knowledge resources, including communications materials, intellectual property rights, and system malfunctions. To minimise these risks, some controls include protocols for handling sensitive data, communications policies and regular backups of data;
- Compliance with laws and regulations related to issues such as health & safety, data protection, employment practices and other regulatory issues. As well as employing appropriately professionally qualified staff we hold regular meetings with professional advisors;
- External risks which may be beyond TRAFFIC's ability to influence, including changes in the physical environment, and in the global economic or political environment. To minimise the effects of these risks, staff attend external training seminars to ensure knowledge in the Charity of possible external risks.

Any "high" risks identified, and the actions taken to mitigate them, are brought to the attention of the Board of Trustees. The Finance Sub-Committee review the risk register on a bi-annual basis and the Board of Trustees on an annual basis.

Investment policy

Under the Articles of Association, the Charity has the power to make any investment the Trustees see fit. The investment policy, as approved by the Trustees on 16 February 2005, is that funds will be invested in cash, bank current accounts, and bank deposits. The Charity currently holds no investments aside from its cash holdings. The Trustees will consider possible amendments to this investment policy on a periodic basis.

Reserves policy

The Trustees recognise the importance of establishing reserves to allow the Charity to respond to future opportunities and current global economic challenges, particularly for an organisation with levels of restricted funding significantly higher than unrestricted. The Trustees have accepted a recommendation by TRAFFIC's Finance Sub-Committee to set TRAFFIC's general reserve fund target, to be achieved over time, at the equivalent of six months of the Charity's core expenditure.

Trustees' report: year ended 30 June 2017

At the year-end, the Charity had free reserves (being unrestricted funds excluding those represented by fixed assets) of £1.01m, equivalent to five months of FY17 core expenditure. To reach the reserves target set, the Trustees have agreed to budget, where possible, for increases to general reserves in coming financial years.

The level of free reserves held is a KPI monitored by the Charity.

Statement of Trustees' responsibilities

The Trustees (who are also directors of TRAFFIC International for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

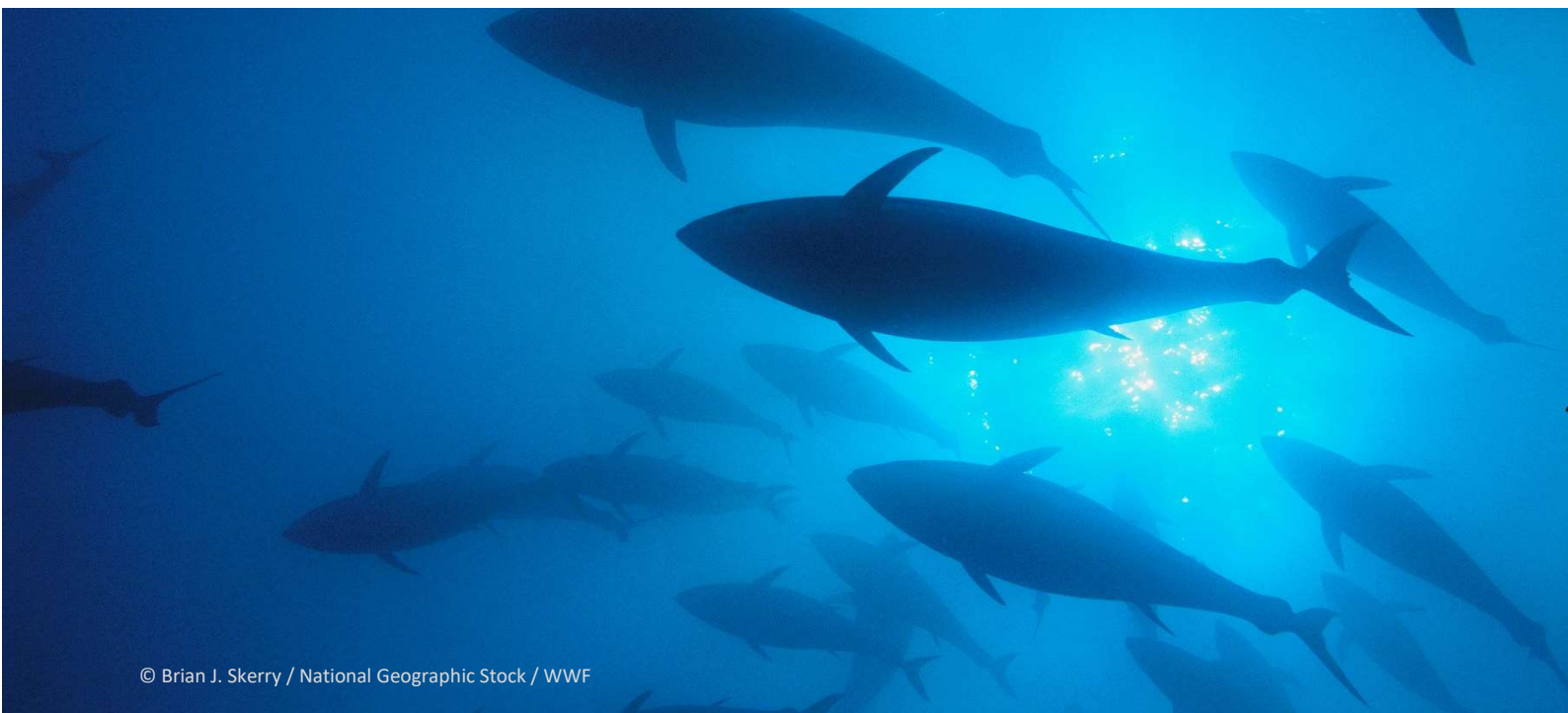
Auditor

Each of the Trustees at the date of approval of this report confirms that:

- So far as the Trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- The Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Trustees' report: year ended 30 June 2017

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.



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Structure, governance and management

TRAFFIC International was established in the UK and registered with the Charity Commission on 23 July 1999. TRAFFIC co-ordinates the work of six regional offices (in Central Africa and East/Southern Africa, East/South Asia and Southeast Asia, Europe and the USA), which, with the global team, together form the TRAFFIC network. TRAFFIC also implements a wide range of projects in its own right. As part of its co-ordinating function, key areas of focus include **network governance, management, institutional development and communications**.

TRAFFIC was established in 1976 by the Species Survival Commission of IUCN (the International Union for the Conservation of Nature), largely to support the implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

CITES is an international agreement between 183 governments that aims to ensure international trade in specimens of wild animals and plants does not threaten their survival. Throughout the 1980s, the conservation organisation WWF played a vital role in expanding TRAFFIC's work and reach. This led to a restructuring of TRAFFIC in 1990 as a joint conservation programme of WWF and IUCN, and, in 1999, to the establishment of TRAFFIC International as a Registered Charity in the UK to lead and co-ordinate the work of the TRAFFIC network.

Over the past two years there has been review of existing governance arrangements for the TRAFFIC network overall. The review examined the different roles of two governance bodies; the TRAFFIC Committee established by WWF and IUCN under a 2005 Agreement to ensure oversight of the global TRAFFIC network; and the Board of Trustees of TRAFFIC International. A decision was made to begin a process to consolidate governance through the UK Charity, under new Articles of Association providing for an increased number of nine Trustees; up to three each appointed by WWF and IUCN as founder members, and up to another three independent Trustees. This decision was approved by the Charity's members on 22

Trustees' report: year ended 30 June 2017

June 2017. The newly expanded Board of Trustees will review the existing relationship between the UK Charity and overseas TRAFFIC offices in the upcoming financial year

The Board delegates day-to-day management of the Charity to Steven Broad, Executive Director, and the Senior Leadership Team, who, for the purposes of regulatory reporting, are collectively the Key Management Personnel along with the Trustees. The Senior Leadership Team develops strategies and plans for the Board to scrutinise and approve. It subsequently monitors and reports on performance against targets.

Trustees

The Trustees who served during the year, unless otherwise stated, were as follows:

- **Chris Hails, Chair** (resigned 4 July 2017)
- **Mark Halle, Chair** (appointed 22 August 2017)
- **Peter Dickinson** (resigned 27 June 2017)
- **Jeremy Eppel** (appointed 22 August 2017)
- **Joshua Ginsberg** (appointed 22 August 2017)
- **Ginette Hemley** (appointed 22 June 2017)
- **Richard Jenkins** (resigned 27 June 2017)
- **Margaret Kinnaird** (appointed 22 June 2017)
- **Lin Li** (appointed 22 June 2017)
- **Aimé Nianogo** (appointed 22 June 2017)
- **Jon Paul Rodriguez** (appointed 22 June 2017)
- **Simon Stuart** (resigned 27 June 2017)
- **Jane Smart** (appointed 22 June 2017)

Members of the Board of Trustees are directors for the purpose of company law and Trustees for the purpose of charity law. The company is limited by guarantee. Therefore, no Trustee had any beneficial interest.

Appointment of Trustees

The role of the Trustees is collectively, as a board, to ensure delivery of the Charity's objectives, set its strategic direction, and uphold its values. Trustees have a fundamental and legal obligation to act in the best interests of the Charity, and in accordance with the Charity's governing documents. The Trustees oversee the management and operation of the Charity subject to the provisions of the relevant acts (Charities Act 2011; Companies Act 2006 and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in January 2015) and the Memorandum and Articles of Association, and any directions given by special resolution. TRAFFIC's Trustees are drawn from within the broad umbrella of its partner organisations as well as the wider conservation community, and bring together an extensive range of expertise in terms of programmatic, technical, financial and administrative skills. Terms of reference for the Board of Trustees (Directors) (2006) describe the responsibilities of the board and the role of key officers.

TRAFFIC's conflict of interest policy (2006) notes that Trustees have a fundamental and legal obligation to act in the best interests of the Charity, and in accordance with the Charity's governing documents. Trustees who are employees of WWF and IUCN are further bound by the undertaking dated 17 September 1999 made on behalf of the two founding members of the Charity. This document, addressed to the Charity Commission, states on behalf of both organisations that TRAFFIC will function as an autonomous body and that neither WWF or IUCN will be able to define or restrict the activities of the Charity. Legally and professionally, Trustees therefore serve in a personal and voluntary capacity and not as representatives of their organisations.

Trustees' report: year ended 30 June 2017

Trustees' induction and training

When an individual accepts an invitation to become a Trustee, as part of the induction process, he or she receives an initial induction pack and meets with a senior manager of TRAFFIC to review the contents of the induction pack and supplementary materials; review of responsibilities of Trustees; review current financial situation and general funding sources; review TRAFFIC's organizational chart, and the Charity's role in the larger TRAFFIC network; and review planned future projects and activities.

In addition to regular meetings of the Charity, Trustees are invited to participate in meetings of the network's TRAFFIC Committee. They are regularly provided with financial and programmatic information as well as updates on relevant developments in the UK charity sector.

Remuneration of key management personnel

The Trustees consider the Board of Trustees and the Senior Leadership Team comprise the Key Management Personnel of the Charity in charge of directing, controlling, and operating the Charity on a day-to-day basis. All Trustees give their time freely and no Trustee received remuneration in either year. Details of Trustees' expenses and related party transactions are disclosed in Note 6 to the accounts. The Charity benchmarks remuneration of its Senior Leadership Team against comparable roles in other charities of a similar size and complexity, within a specified pay band. Each member of the Senior Leadership Team receives an annual cost of living salary increase, which takes into account inflation, changes in national average earnings and pay awards elsewhere in the charity or public sector. The award is made subject to affordability and is paid at the same rate as applied to all other eligible staff in the Charity. Increases to the Executive Director's salary that are above the annual cost of living salary increase are reviewed and approved by the Board of Trustees.

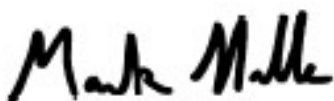
Public benefit

TRAFFIC is a wildlife conservation charity whose vision is of a world where wildlife trade is managed in a way that maintains healthy wildlife populations and ecosystems; contributes to meeting human needs; supports local and national economies; and helps motivate commitments to conserve wild species and habitats.

The organisation's efforts are therefore focused not only on conserving biological diversity, but also on protecting and maintaining the many "ecosystem goods and services" that are or may be threatened by unsustainable or illegal wildlife trade.

In reviewing TRAFFIC's charitable objects and as part of planning and implementing our programme of work, we, the Trustees, have taken account of the Charity Commission's guidance on public benefit. We have considered how our work will consistently contribute to the Charity's aims and objectives. Our main areas of charitable activity are detailed throughout this report.

The Trustees' report, including the strategic report, was approved by the board on 18 December 2017 and signed on its behalf by:



Mark Halle
Chair

Administrative information

Trustees:	Ginette Hemley Margaret Kinnaird Lin Li Aimé Nianogo Jeremy Eppel Joshua Ginsberg Mark Halle Jane Smart Jon Paul Rodriguez	Registered office:	David Attenborough Building Pembroke Street Cambridge CB2 3QZ United Kingdom
Company Secretary:	Mr S R Broad	Solicitors:	Mills and Reeve Botanic House 98–100 Hills Rd Cambridge CB2 1PH
Executive Director:	Mr S R Broad		
Company registered number:	3785518		
Charity registered number:	1076722	Auditor:	Deloitte LLP 1 Station Square Cambridge CB1 2GA
		Bankers:	Barclays Bank Bennett Street Cambridge CB2 3PZ

Independent auditor's report to the members of TRAFFIC International: year ended 30 June 2017

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Traffic International (the 'charitable company') which comprise:

- the statement of financial activities;
- the balance sheet
- the cash flow statement; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of TRAFFIC International: year ended 30 June 2017

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Independent auditor's report to the members of TRAFFIC International: year ended 30 June 2017

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the trustees' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



Sarah Anderson FCCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
18 December 2017

TRAFFIC International
Financial Statements:
year ended 30 June 2017

Statement of financial activities: year ended 30 June 2017

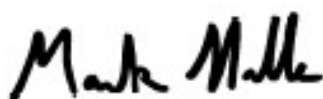
	Notes	Unrestricted Funds £	Restricted Funds £	2017 Total £	2016 Total £
Income from:					
Donations		1,064,956	495,997	1,560,953	1,489,427
Charitable activities		166,351	6,321,463	6,487,814	5,403,976
Investments		55	1,017	1,072	47
Other		300	-	300	3,209
Total	3	<u>1,231,662</u>	<u>6,818,477</u>	<u>8,050,139</u>	<u>6,896,659</u>
Expenditure on:					
Raising funds		181,478	-	181,478	118,327
Charitable activities					
Addressing wildlife crime & illegal trade		631,917	4,117,713	4,749,630	5,062,266
Sustainable legal trade		45,791	298,385	344,176	344,059
Mixed		297,383	1,492,333	1,789,716	1,330,758
Total charitable activity expenditure		<u>975,091</u>	<u>5,908,431</u>	<u>6,883,522</u>	<u>6,737,083</u>
Total	4	<u>1,156,569</u>	<u>5,908,431</u>	<u>7,065,000</u>	<u>6,855,410</u>
Net income		75,093	910,046	985,139	41,249
Transfers between funds		587	(587)	-	-
Net movement in funds		<u>75,680</u>	<u>909,459</u>	<u>985,139</u>	<u>41,249</u>
Reconciliation of funds:					
Total funds brought forward		982,102	627,071	1,609,173	1,567,924
Total funds carried forward		<u>1,057,782</u>	<u>1,536,530</u>	<u>2,594,312</u>	<u>1,609,173</u>

All activities in both years arise from continuing activities. There were no other recognised gains or losses other than those shown in the statement above and the net income for the year. The notes on pages 30 to 45 form an integral part of these financial statements.

Balance sheet: as at 30 June 2017

	Notes	Unrestricted Funds £	Restricted Funds £	2017 Total £	2016 Total £
Fixed Assets					
Intangible fixed assets	8	31,406	-	31,406	-
Tangible fixed assets	9	18,127	-	18,127	14,927
		49,533		49,533	14,927
Current Assets					
Debtors	10	160,324	2,034,191	2,194,515	2,030,256
Cash at bank and in hand		1,197,756	1,264,823	2,462,579	1,659,372
		1,358,080	3,299,014	4,657,094	3,689,628
Liabilities					
Creditors: amounts falling due within one year	11	349,831	1,762,484	2,112,315	2,095,382
Net current assets		1,008,249	1,536,530	2,544,779	1,594,246
Total assets less current liabilities being net assets		1,057,782	1,536,530	2,594,312	1,609,173
The funds of the Charity					
Restricted funds		-	1,536,530	1,536,530	627,071
Unrestricted		1,057,782	-	1,057,782	982,102
Total Charity funds		1,057,782	1,536,530	2,594,312	1,609,173

The financial statements on pages 27 to 45 were approved by the Board of Trustees on 18 December 2017, and signed on its behalf by:



Mark Halle
Chair

The notes on pages 30 to 45 form an integral part of these financial statements.

Cash Flow: as at 30 June 2017

	2017	2016
	Total	Total
	£	£
Cash flows from operating activities:		
Net cash flows from operating activities	854,022	95,517
Cash flows from investing activities:		
Dividends, interest and rents from investments	1,072	1,962
Purchase of fixed assets	(51,887)	(11,132)
Net cash outflow from investing activities	<u>(50,815)</u>	<u>(9,170)</u>
Net increase in cash and cash equivalents	<u>803,207</u>	<u>86,347</u>
Cash and cash equivalents at 1 July 2016	1,659,372	1,573,025
Cash and cash equivalents at 30 June 2017	<u>2,462,579</u>	<u>1,659,372</u>
Reconciliation of net cash flows from operating activities:		
Net income	985,139	41,249
Depreciation	17,281	9,718
Loss on fixed asset disposal	-	476
Investment income	(1,072)	(1,962)
Increase in debtors	(164,259)	(1,135,029)
Increase in creditors	16,933	1,181,065
Net cash flows from operating activities	<u>854,022</u>	<u>95,517</u>

The notes on pages 30 to 45 form an integral part of these financial statements.
Cash and cash equivalents are represented by cash at bank and in hand.

Notes to the Accounts: year ended 30 June 2017

1. Accounting Policies

TRAFFIC International is a company limited by guarantee (3785518), not having a share capital, and as a Registered Charity (1076722). The Charity is not liable to corporation tax on its charitable activities and further details are shown above within the Reference and Administrative details on page 22.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Charity's financial statements.

a) **Accounting conventions**

The financial statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015; and the Companies Act 2006. The Charity meets the definition of a public benefit entity under FRS 102.

b) **Going concern**

The Trustees have a reasonable expectation that the Charity will continue in operational existence for the foreseeable future and the Charity is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Charity has significant cash resources and a significant level of net assets. Accordingly, the Trustees continue to adopt the going concern basis.

c) **Income**

Income is recognised and included in the statement of financial activities when the Charity has entitlement to the income, it is probable that the income will be received and the amount can be reliably measured. Income received relating to future accounting periods is deferred and recognised as a creditor within the balance sheet.

d) **Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. VAT cannot be recovered and is reported as part of the expenditure to which it relates.

Costs of raising funds:

These represent costs of a full-time fundraiser and internal allocations for staff involvement in implementation of the Charity's funding strategy, donor liaisons and assistance with proposal development and submission. During the year the fundraiser position was vacant.

Charitable activities:

This includes expenditure incurred in the fulfilment of the objectives of the charitable company including allocated overheads.

Support costs:

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. Support costs are allocated on a pro-rata basis according to the total cost of activities undertaken directly and grant funding of activities.

Governance costs:

This includes expenditure incurred in the general running and administering of the charitable company. These costs include external audit, legal advice for Trustees and costs associated with constitutional and statutory requirements.

e) Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful lives of three years on a straight-line basis. The current capitalisation policy is £400.

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

f) Intangible fixed assets

Intangible assets are shown at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to allocate the assets value evenly over a three-year period. The current capitalisation policy is £400.

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

g) Funds

The Charity records two categories of income—unrestricted and restricted funds.

Unrestricted funds

Unrestricted funds can be used for any purpose approved by the Trustees within the objects of the Charity. Funds that are received without external restriction, and for use in any of the Charity's activities including operational and establishment costs are treated as unrestricted funds and may be designated by the Trustees for particular purposes as deemed appropriate.

Designated funds form part of unrestricted funds but are funds set aside by the Trustees. The Trustees decide to set aside funds for potential future costs such as staff and building related costs.

Restricted funds

Resources are allocated to restricted funds according to the limitations on their use specified by the donors or other providers.

Restricted funds are allocated to specific activities and outputs usually under the terms of a project contract accompanying the grant. Detailed accounts are maintained for restricted projects including income, expenditure and fund balances by donor. The majority of projects are short-term in nature with grants being expended in one or two years. Deficits within restricted project funds which occur when income is not entitled to be recognised in the current financial period are carried forward to the next period. Where further funding is not anticipated, a transfer is made from unrestricted funds to cover the deficit.

The Charity does not have any endowment funds.

Notes to the Accounts: year ended 30 June 2017

h) Cash and cash equivalents

Cash at bank and in hand includes interest and non-interest bearing accounts which are highly liquid.

i) Employee benefits – Pensions

The Charity operates a defined contribution scheme, the assets of which are held separately from those of the Charity. The Charity's contributions are charged to expenditure in the year they are incurred.

j) Foreign exchange

Transactions denominated in foreign currencies are recorded at the average monthly rate of exchange. Assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the year end. Gains and losses on re-translation are dealt with as part of the deficit or surplus on ordinary activities for the financial year.

k) Hire purchase agreements

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Statement of Financial Activities over the period of the lease.

l) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

m) Financial instruments

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The

Notes to the Accounts: year ended 30 June 2017

Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

3. Income resources

All of TRAFFIC International's activity relates to ensuring that trade in wild plants and animals is not a threat to the conservation of nature.

	Unrestricted	Restricted	2017	2016
	£	£	Total	Total
			£	£
Donations				
IUCN, WWF & other TRAFFIC entities	1,039,954	-	1,039,954	1,012,427
Corporate and Individuals	25,002	50	25,052	11,126
Pass through income	-	495,947	495,947	465,874
	<u>1,064,956</u>	<u>495,997</u>	<u>1,560,953</u>	<u>1,489,427</u>
Charitable activities				
IUCN, WWF & other TRAFFIC entities	165,151	2,736,519	2,901,670	2,108,892
Governments	-	2,547,766	2,547,766	2,527,186
Multilaterals	-	78,648	78,648	489,571
Foundations and charities	-	753,619	753,619	236,714
Corporate and Individuals	1,200	204,911	206,111	41,613
	<u>166,351</u>	<u>6,321,463</u>	<u>6,487,814</u>	<u>5,403,976</u>
Other income	300	-	300	3,209
Bank interest	55	1,017	1,072	47
	<u>1,231,662</u>	<u>6,818,477</u>	<u>8,050,139</u>	<u>6,896,659</u>

Government grants have been received from the UK and other governments to fund TRAFFIC International's conservation projects. Details of large grants received from governments are included in note 13.

4. Expenditure

All of TRAFFIC International's activity relates to ensuring that trade in wild plants and animals is not a threat to the conservation of nature.

	Direct costs	Support	2017	2016
	£	costs	Total	Total
		£	£	£
Costs of raising funds	9,761	171,717	181,478	118,327
Charitable activities				
Addressing Wildlife crime & illegal trade	4,117,713	631,917	4,749,630	5,062,266
Sustainable legal trade	298,385	45,791	344,176	344,059
Mixed stream	1,551,602	238,114	1,789,716	1,330,758
	<u>5,967,700</u>	<u>915,822</u>	<u>6,883,522</u>	<u>6,737,083</u>
	<u>5,977,461</u>	<u>1,087,539</u>	<u>7,065,000</u>	<u>6,855,410</u>

Notes to the Accounts: year ended 30 June 2017

Analysis of expenditure:

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Costs of raising funds				
Staff costs	126,031	-	126,031	90,488
Operational	10,396	-	10,396	4,193
Establishment	9,580	-	9,580	13,274
Travel	15,637	-	15,637	10,126
Depreciation	2,592	-	2,592	1,458
Foreign exchange (gain)/loss	(1,780)	-	(1,780)	(12,262)
Governance	19,022	-	19,022	11,050
	<u>181,478</u>	<u>-</u>	<u>181,478</u>	<u>118,327</u>
Charitable activities				
Staff costs	672,167	1,655,510	2,327,677	2,206,915
Operational	55,444	637,061	692,505	182,767
Establishment	51,096	298,547	349,643	309,062
Professional fees	-	8,399	8,399	13,839
Project sub-contracts	-	2,578,896	2,578,896	3,477,060
Transfer to network offices	-	495,947	495,947	465,874
Travel	83,398	223,128	306,526	219,466
Depreciation	14,690	-	14,690	8,260
Foreign exchange (gain)/loss	(9,494)	10,943	1,449	(208,778)
Governance	107,790	-	107,790	62,618
	<u>975,091</u>	<u>5,908,431</u>	<u>6,883,522</u>	<u>6,737,083</u>
Total expenditure	<u>1,156,569</u>	<u>5,908,431</u>	<u>7,065,000</u>	<u>6,855,410</u>

5. Support costs

	Support £	Governance £	2017 £	2016 £
Professional fees	-	47,154	47,154	27,994
Statutory audit	-	26,370	26,370	20,000
Project audits	-	-	-	4,240
Staff costs	622,766	42,010	664,776	345,361
Operational	-	3,465	3,465	1,398
Establishment costs	238,926	3,193	242,119	253,140
Travel	99,036	5,212	104,248	67,504
Foreign exchange gain	-	(593)	(593)	(4,087)
	<u>960,728</u>	<u>126,811</u>	<u>1,087,539</u>	<u>715,550</u>

Support costs are allocated on a pro-rata basis according to the total cost of activities undertaken directly and grant funding of activities.

Notes to the Accounts: year ended 30 June 2017

6. Employee and Trustee Information

	2017	2016
	£	£
a) Staff costs:		
Wages and salaries	1,953,670	1,614,218
Social security costs	212,915	144,967
Pension costs	254,015	214,904
Other benefits	24,515	62,590
Other staff costs	50,604	47,038
	<u>2,495,719</u>	<u>2,083,717</u>

Other staff costs include an accrual for untaken annual leave outstanding at the year end, in line with the requirements for FRS102.

	2017	2016
b) The average number of persons, employed during the year was:		
Management and Administration	29	21
Programme and Research	21	26
	<u>50</u>	<u>47</u>

The above numbers do not include Trustees who are not permitted to receive remuneration for their duties. The Trustees did not receive any payments for expenses during 2017 (2016 – £nil).

	2017	2016
c) Employees with emoluments (emoluments include salaries and taxable benefits, but not employer pension costs or employer's national insurance) over £60,000 were:		
£60,000 – £70,000	-	2
£70,001 – £80,000	4	2
£80,001 – £90,000	1	2
£90,001 – £100,000	-	-
£100,001 – £110,000	2	2
	<u>7</u>	<u>8</u>

d) Senior leadership team

Total remuneration of the Key Management Personnel (the Trustees with the Senior Leadership Team comprising the Executive Director and other Directors), including pension contributions excluding social security costs, was £502,623 (2016: £429,303). No Trustees received nor waived any remuneration.

7. Employee benefits - Pension costs

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £254,015 (2016: £214,904).

Notes to the Accounts: year ended 30 June 2017

8. Intangible fixed assets

	Computer Software £
Cost:	
At 1 July 2016	10,857
Additions	38,808
At 30 June 2017	49,665
Depreciation:	
At 1 July 2016	10,857
Charge for year	7,402
At 30 June 2017	18,259
Net book value:	
At 30 June 2017	31,406
At 30 June 2016	-

9. Tangible fixed assets

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost:			
At 1 July 2016	-	38,172	38,172
Additions	1,068	12,011	13,079
At 30 June 2017	1,068	50,183	51,251
Depreciation:			
At 1 July 2016	-	23,245	23,245
Charge for year	243	9,636	9,879
At 30 June 2017	243	32,881	33,124
Net book value:			
At 30 June 2017	825	17,302	18,127
At 30 June 2016	-	14,927	14,927

Notes to the Accounts: year ended 30 June 2017

10. Debtors: amounts falling within one year

	Unrestricted	Restricted	2017	2016
	£	£	Total	Total
	£	£	£	£
Trade debtors	51,766	367,996	419,762	379,901
Other debtors	55,181	12,704	67,885	27,660
Prepayments	35,826	1,113	36,939	92,293
Accrued income	17,551	1,652,378	1,669,929	1,530,402
	<u>160,324</u>	<u>2,034,191</u>	<u>2,194,515</u>	<u>2,030,256</u>

All debtors are falling due within one year.

11. Creditors: falling due within one year

	Unrestricted	Restricted	2017	2016
	£	£	Total	Total
	£	£	£	£
Trade creditors	140,531	-	140,531	255,731
Other creditors	81,903	-	81,903	64,192
Accruals	127,397	1,362,999	1,490,396	1,623,522
Deferred income	-	399,485	399,485	151,937
	<u>349,831</u>	<u>1,762,484</u>	<u>2,112,315</u>	<u>2,095,382</u>

All creditors are amounts falling due within one year.

12. Deferred income

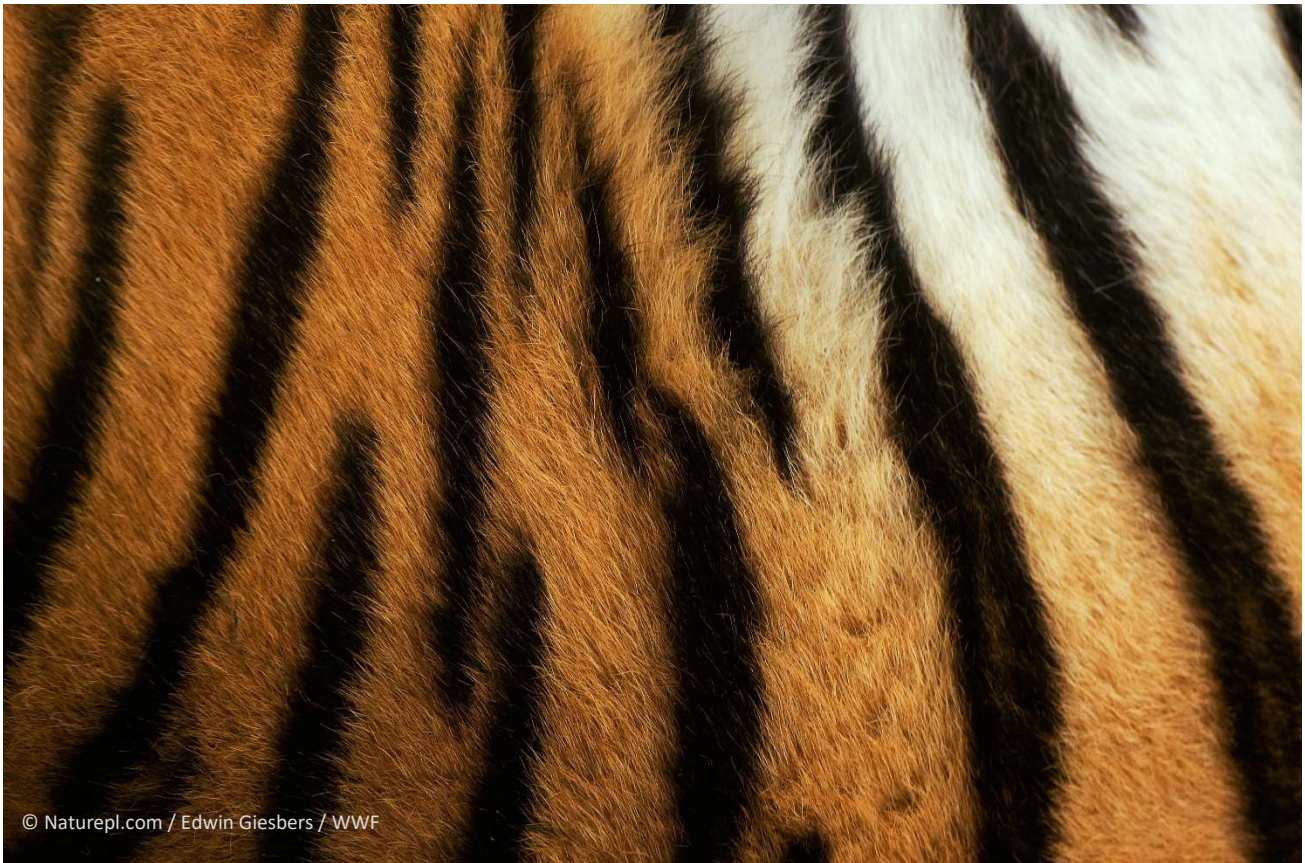
	Unrestricted	Restricted	2017	2016
	£	£	Total	Total
	£	£	£	£
Balance at the beginning of the year	-	151,937	151,937	359,466
Amount released to income in the year	-	(151,937)	(151,937)	(359,466)
Amount deferred in the year	-	399,485	399,485	151,937
Balance at the end of the year	<u>-</u>	<u>399,485</u>	<u>399,485</u>	<u>151,937</u>

Deferred income represents income received from donors in advance of contracted activity.

Notes to the Accounts: year ended 30 June 2017

13. Analysis of charitable funds

	1 July 2016	Income	Expenditure	Transfers	30 June 2017
	£	£	£	£	£
Unrestricted funds	982,102	1,231,662	(1,156,569)	587	1,057,782
Restricted funds					
Major projects:					
Ending Tiger Trade between South Asia and China	1	146,012	(144,432)	-	1,581
Wildlife Trafficking, Response, Assessment and Priority setting	(152,236)	1,348,398	(973,908)	-	222,254
Changing behaviour to reduce demand for rhino products	26,283	135,256	(111,701)	-	49,838
Wildlife Crime Initiative	152,361	375,526	(269,971)	-	257,916
“Info to Action”	75,500	102,452	(177,441)	(511)	-
Enhancing management and benefit flows Viet Nam’s wild medicinal products	1,468	113,855	(116,215)	1,332	440
Reducing Demand for Rhino Horn in Vietnam	26,770	105,602	(231,580)	-	(99,208)
Cutting Wildlife Trafficking Off at the Source	256,955	281,013	(101,887)	-	436,081
Analysis of Proposals for CoP17	(53,511)	153,367	(96,074)	-	3,782
WWF France Africa TWIX	33,865	100,918	(135,314)	-	(531)
Reducing Trade Threats in Africa’s wild species and ecosystem	-	461,173	(172,654)	-	288,519
USAID Saving Species	-	135,084	(37,469)	-	97,615
Elephant Trade Information System					
MIKES	21,504	125,232	(104,509)	4,778	47,005
DETER phase II	32,257	565,591	(572,562)	-	25,286
ROUTES	(302,955)	613,611	(271,966)	-	38,690
Reduce illegal timber in supply chains Cameroon to China	-	450,467	(455,208)	-	(4,741)
	118,262	5,213,557	(3,972,891)	5,599	1,364,527
Pass-through funds	-	495,947	(495,947)	-	-
Other projects	508,809	1,108,973	(1,439,593)	(6,186)	172,003
	627,071	6,818,477	(5,908,431)	(587)	1,536,530
Total funds	1,609,173	8,050,139	(7,065,000)	-	2,594,312



Ending Tiger Trade between South Asia and China

Funded by WWF UK, implemented by TRAFFIC in India and China

The two components deliver activities to support anti-poaching and anti-trafficking efforts in India and China with links to Nepal and Bhutan, to help disrupt South Asia to East Asia trade routes for Tiger parts and products.

Wildlife Trafficking, Response, Assessment and Priority Setting (Wildlife TRAPS) Project

Funded by USAID (United States Agency for International Development) via IUCN

TRAFFIC, in collaboration with IUCN, has devised the Wildlife TRAPS (Wildlife Trafficking, Response, Assessment, and Priority Setting Project) to develop and deliver a suite of ground-breaking partnerships and pioneering approaches to tackle wildlife crime between Africa and Asia. Wildlife TRAPS is building a collective understanding of the true character and scale of the response required through a series of targeted trade assessments looking at specific species and geographic regions.

Changing consumer behaviour to reduce demand for rhino products

Funded via WWF International

The project aims to reduce the demand for rhino horn in key user groups in Viet Nam. A demand reduction strategy for rhino horn among Vietnamese consumers has been developed with input from stakeholders including the government. Stakeholders are being encouraged to sign up for a code of conduct to stop the consumption and corporate gifting of products from endangered species.

Wildlife Crime Initiative (WCI)

Funded via WWF International

TRAFFIC and WWF have designed an ambitious joint initiative focusing on urgent and sustainable solutions to combat wildlife crime. The Wildlife Crime Initiative (WCI) works with partners to drive three parallel

Notes to the Accounts: year ended 30 June 2017

pillars as part of an integrated strategy: Stop the Poaching; Stop the Trafficking; and Stop the Demand. Delivery of the Stop the Trafficking and Stop the Demand strategies and implementation plans is the responsibility of TRAFFIC.

“Info to Action”

Funded via WWF International

Part of the wider Wildlife Crime Initiative, this project specifically aims to support law enforcement agencies with high quality rapid assessments and information analyses so they can disrupt the serious organised criminal syndicates driving illegal wildlife trade.



Enhancing management and benefit flows in Viet Nam’s wild medicinal products

Funded by DEFRA (Department for environment, food, and rural affairs) and implemented by TRAFFIC in Viet Nam

This project aims to reduce overharvesting of medicinal and aromatic plants, promote fair and sustainable trade and to increase income by 20% for 1,000 low income households in Bac Kan province. A mechanism for scaling up the project model is being developed for further application.

Cutting Wildlife Trafficking Off at the Source: Strengthening Capacity to Investigate and Combat Transnational Wildlife Crime in and from South Africa

Funded by the U.S. Department of State’s Bureau of International Narcotics and Law Enforcement Affairs (INL)

This project aims to strengthen the capacity of senior and junior wildlife investigators to address illegal wildlife trade within and from South Africa and to provide essential investigation tools proactively to target illicit wildlife trade networks and support related prosecutions. In combination with complementary initiatives and in collaboration with the South African government, this project will contribute towards achieving the goal of reducing trafficking of rhino horn, elephant ivory and other endangered species products in and from South Africa, and, ultimately, a decline in associated poaching.

Analysis of Proposals for CoP17

Funded by various parties through The International Union for the Conservation of Nature (IUCN)

Notes to the Accounts: year ended 30 June 2017

The 17th Meeting of the Conference of the Parties to CITES took place from 24 September–5 October 2016 with key members of TRAFFIC and IUCN attending to provide impartial and sound scientific input to the meeting. Prior to the meeting, IUCN and TRAFFIC undertook a collaborative review of the proposals to amend the CITES Appendices. The reviews were compiled into the *IUCN/TRAFFIC Analyses of Proposals to Amend the CITES Appendices*. The document was provided in English, Spanish and French. The Summary and Analyses were made available to the CITES Secretariat and submitted to the conference as an Information Document.

Africa Trade in Wildlife Information eXchange (AFRICA-TWIX)

Funded by WWF-FR

The objective of the project is the strengthening of collaboration between wildlife law enforcement and prosecution authorities at national levels and between selected countries in Central Africa to help curb illegal trade. To this end, the project aims to improve understanding of, and provide guidance to, target audiences on how better to collaborate through effective means of mutual learning from their experiences on illegal wildlife trade.



Reducing Trade threats in Africa's wild species and ecosystem

Funded by the ARCADIA Foundation

The purpose of the project is to strengthen actions to conserve and protect wildlife populations, areas of high biodiversity, and communities in Africa threatened by illegal and unsustainable wildlife trade, with a focus on trade to Asia. The funds are being used to strengthen the global knowledge base underpinning work to reduce illegal and unsustainable trade. It is also supporting innovation and scaling up of successful approaches, and strengthening synergies between the work of TRAFFIC and that of others pursuing similar outcomes.

Saving Species

Funded by USAID – via Tetra Tech ARD

The purpose of this project is to assist Tetra Tech ARD and USAID in reducing consumer demand for and consumption of illegal wildlife and wildlife products, strengthening wildlife law enforcement and prosecution, and improving and harmonizing the legal framework for wildlife crime. TRAFFIC leads the USAID Saving Species Project's demand reduction and social and behaviour change communication (SBCC) work.

Elephant Trade Information System MIKES (Minimising the Illegal Killing of Elephants and other Endangered Species)

Funded by the European Commission via the United Nations Environment Programme

Notes to the Accounts: year ended 30 June 2017

The project has been developed as part of the Minimising the Illegal Killing of Elephants and other Endangered Species (MIKES) Project, implemented by the CITES Secretariat in collaboration with elephant range States and other partners over a four-year period commencing January 2015. The project supports the contributions to the overall MIKES project through the Elephant Trade Information System (ETIS) maintained by TRAFFIC in accordance with *CITES Resolution 10:10* relating to the operation of the MIKE and ETIS Programmes.

DETER phase II-Extension (Combatting poaching and illegal wildlife trade in Africa and Asia)

Funded by GIZ (Gesellschaft für Internationale Zusammenarbeit); implemented by TRAFFIC in Asia and Africa
Working with the Chinese Government and private sector to implement efforts to combat illegal wildlife trade (IWT) through the reduction of supply and demand for illegal wildlife products in China and Africa, by: engaging targeted business and opinion leaders in China; raising awareness of Chinese citizens living and working in, or visiting Africa about IWT; supporting China–Africa co-operation against IWT; supporting the reduction of illegal wildlife trade through improved information-sharing between enforcement authorities in Central Africa.

ROUTES (Reducing Opportunities for Unlawful Transport of Endangered Species)

Funded by USAID (United States Agency for International Development)

ROUTES is an innovative and transformational partnership that brings together international conservation organizations, donors, government, and the transportation and logistics industry for a multi-year collaborative programme to combat illegal wildlife trafficking internationally. Core Team members include the U.S. Agency for International Development, Center for Advanced Defense Studies, Freeland, International Air Transport Association, TRAFFIC, U.S. Department of Homeland Security, U.S. Department of State, U.S. Fish and Wildlife Service and WWF.

Reduce illegal timber in supply chains originating from Cameroon to China

Funded by DFID (Department for International Development) via KPMG

This project has been designed to achieve increased compliance with timber harvest and trade controls along the supply chain from Cameroon to China and the EU. It aims to harness the growing interest within government and private sectors to demonstrate compliance with timber trade controls and reinforce Voluntary Partnership Agreements and related processes for timber in Cameroon.

Notes to the Accounts: year ended 30 June 2017

Analysis of charitable funds for the year ended 30 June 2016:

	Restated				
	1 July	Income	Expenditure	Transfers	30 June
	2015	£	£	£	2016
	£	£	£	£	£
Unrestricted funds	715,514	1,149,387	(783,587)	(99,212)	982,102
Restricted funds					
Major projects:					
Ending Tiger Trade between South Asia and China	3,678	205,012	(208,846)	157	1
China Environmental Governance Programme	143,632	-	(160,168)	16,536	-
Wildlife Trafficking, Response, Assessment and Priority setting	(94,316)	603,177	(661,097)	-	(152,236)
Changing behaviour to reduce demand for rhino products	115,697	163,634	(253,049)	-	26,282
Wildlife Crime Initiative	64,246	281,542	(191,129)	(2,299)	152,360
'Info to Action'	18,411	175,615	(118,526)	-	75,500
Enhancing management and benefit flows Viet Nam's wild medicinal products	18,814	91,632	(110,971)	1,992	1,467
Monitoring Illegal Killing of Elephants	(20,305)	161,102	(119,294)	-	21,503
DETER	138,788	100,741	(236,480)	16,234	19,283
DETER phase II	-	734,016	(718,839)	17,079	32,256
ROUTES	-	947,941	(1,250,896)	-	(302,955)
Reduce illegal timber in supply chains Cameroon to China	-	154,040	(154,040)	-	-
	388,645	3,618,452	(4,183,335)	49,699	(126,539)
Pass-through funds	-	465,874	(465,874)	-	-
Other projects	463,765	1,662,946	(1,422,614)	49,513	753,610
	852,410	5,747,272	(6,071,823)	99,212	627,071
Total funds	1,567,924	6,896,659	(6,855,410)	-	1,609,173

Notes to the Accounts: year ended 30 June 2017

14. Operating leases

At 30 June 2017 the Charity had total commitments under non-cancellable operating leases as set out below:

	2017	2016
	£	£
	Land & Buildings	Land & Buildings
Payment due:		
Within one year	34,660	34,660
Within two to five years	139,174	138,640
After five years	121,064	178,569
	<u>294,898</u>	<u>351,869</u>

15. Comparative Statement of financial activities: year ended June 2016

	Unrestricted Funds	Restricted Funds	2016 Total
	£	£	£
Income from:			
Donations	1,000,770	488,657	1,489,427
Charitable activities	145,529	5,258,447	5,403,976
Investments	47	-	47
Other	3,041	168	3,209
Total	<u>1,149,387</u>	<u>5,747,272</u>	<u>6,896,659</u>
Expenditure on:			
Raising funds	118,327	-	118,327
Charitable activities			
Addressing wildlife crime & illegal trade	499,879	4,562,387	5,062,266
Sustainable legal trade	33,974	310,085	344,059
Mixed	131,407	1,199,351	1,330,758
Total charitable activity expenditure	<u>665,260</u>	<u>6,071,823</u>	<u>6,737,083</u>
Total	<u>783,587</u>	<u>6,071,823</u>	<u>6,855,410</u>
Net income/(expenditure)	365,800	(324,551)	41,249
Transfers between funds	(99,212)	99,212	-
Net movement in funds	<u>266,588</u>	<u>(225,339)</u>	<u>41,249</u>
Reconciliation of funds:			
Total funds brought forward	715,514	852,410	1,567,924
Total funds carried forward	<u>982,102</u>	<u>627,071</u>	<u>1,609,173</u>

Notes to the Accounts: year ended 30 June 2017

16. Comparative Balance sheet: year ended June 2016

	Unrestricted Funds £	Restricted Funds £	2016 Total £
Fixed Assets			
Intangible fixed assets	-	-	-
Tangible fixed assets	14,927	-	14,927
	<u>14,927</u>	<u>-</u>	<u>14,927</u>
Current Assets			
Debtors	118,172	1,912,084	2,030,256
Cash at bank and in hand	1,033,039	626,333	1,659,372
	<u>1,151,211</u>	<u>2,538,417</u>	<u>3,689,628</u>
Liabilities			
Creditors: amounts falling due within one year	184,036	1,911,346	2,095,382
Net current assets	<u>967,175</u>	<u>627,071</u>	<u>1,594,246</u>
Total net assets	<u>982,102</u>	<u>627,071</u>	<u>1,609,173</u>
The funds of the charity			
Restricted funds	-	627,071	627,071
Unrestricted	982,102	-	982,102
Total charity funds	<u>982,102</u>	<u>627,071</u>	<u>1,609,173</u>

17. Related party transactions

In accordance with FRS 102, there are no related party transaction to disclose for 2017 (2016: none).

18. Taxation

The Charity is exempt from corporation tax as all of its income is charitable and is applied for charitable purposes.

TRAFFIC, the wildlife trade monitoring network, is the leading non-governmental organization working globally on trade in wild animals and plants in the context of both biodiversity conservation and sustainable development.

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